



DEPARTMENT OF
**COMMUNITY SERVICES
AND REVITALIZATION**

LANDBANK MEETING MINUTES

January 23, 2014

Call to Order:

Chairman William Schreck called the January 23, 2014 meeting to order @ 3:06 p.m.

Present:

- **Board Members:**

Chairman William Schreck, Vice-Chairman Ishmon Burks, and JCPS appointee Franklin Jones were present establishing a quorum.

- **Staff:**

Paul Mastrolia
Dena First
Lana Charney
Mary McGuire

- **Jefferson County Attorney's Office:**

Jo Ann Burke, Assistant County Attorney

- **Guests:**

Julienne Chen, Metro Government
Dan Rhema, Three Stones Center
Kate McClenahan, Golden Louisville
Brian Downing, Golden Louisville

The January 23rd meeting began with Bill Schreck asking Paul Mastrolia for announcements. Paul reminded the board that the next Landbank meeting would be Thursday, February 27, 2014 at 3:00 p.m. and asked the members to mark their calendars.

Bill Schreck requested a motion to approve the December 19, 2013 meeting minutes. Franklin Jones requested that the minutes be changed to reflect his request that a staff summary with recommendations for resolving the Market Street property price questions be provided to the board members in advance of the January Landbank meeting for their review. The minutes were unanimously approved with that change.

OLD BUSINESS

PRESENTATION BY DAN RHEMA

Bill Schreck then asked Paul Mastrolia to give the board an overview of the information in their meeting folders as it relates to the properties Dan Rhema was previously approved to purchase from the Landbank. Paul Mastrolia referred to a memorandum from Assistant Director of

the price of each parcel \$270.00. This was presented to the Board and tabled at the last meeting (December 19th).

Mr. Rhema went on to say that the money he can save on acquisition costs will be reinvested in the project. Franklin Jones asked Mr. Rhema on what basis should the Board approve this request? Mr. Rhema replied again that that he was not given the same information other buyers received so by default he did not receive the same treatment or pricing.

Staff added that the confusion came from the reorganization of the division and the blending of the Property and Leasing Division of Public Works & Assets with the Revitalization Division of Community Services and Revitalization. Those units operated under different pricing philosophies. Mr. Burks asked if the blended staff matters have been resolved. Paul Mastrolia replied that a new pricing policy will be ready sometime in 60 days and that two new staff persons have been hired and will begin work sometime in February.

Ish Burks then asked if they have the authority to approve any sale since that policy is not complete. Paul Mastrolia replied that we have a policy but it is being revised and we can continue to operate under that policy which essentially considers the highest and best property use and a negotiated price. Mr. Rhema has already paid at least as much a typical Landbank sale would render under the current policy. Bill Schreck summarized that the amount Mr. Rhema has paid is equal to typical Landbank property sales.

Bill Schreck then asked that if the Board reduced the price as proposed would that be in line with how Landbank has operated historically. Paul Mastrolia said that, in his opinion, the Landbank would not be criticized or questioned for selling properties for that price. Franklin Jones added that his main concern was having the right answers to the questions being asked. He continued by saying that the right answer for the Rhema price dilemma would be to acknowledge that a wrong decision was made because wrong information was given to the developer and the price adjustment being proposed is an effort to correct it. Paul Mastrolia reminded this problem came from the staff reorganization the division was experiencing at that time of Rhema's request.

Franklin Jones asked for that to be documented in a new resolution and have it give an explanation for the price reduction. He also asked staff if there were any other cases where a price reduction request would be made. Paul Mastrolia replied that all resolutions that have been approved in the last four or five meetings have been closed and all buyers have been content. Bill Schreck commented that he feels the board should not transfer any properties hence forth until they have some written guidelines.

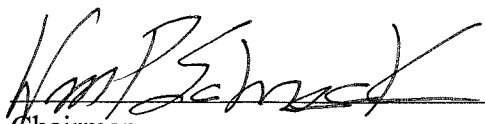
At this time Franklin Jones made a motion to reduce and set the price for the four subject parcels to the sum of \$270.00 per parcel as the previous pricing was incorrect and not fair in light of these revelations. Ish Burks second the motion. The motion passed unanimously.

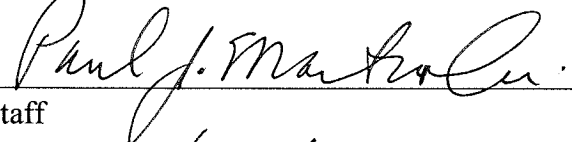
At this time Franklin Jones made a motion that the Landbank approve two properties selected by each of the two temporary use winners, to be leased for one year and renewable for a second year, for the price of \$1.00 per year per parcel, provided they comply with the terms and conditions of the competition. Properties will then be removed from the available list. Ish Burks seconded the motion and the motion was approved unanimously.

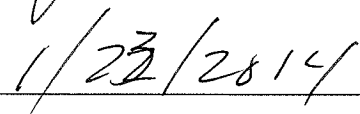
JANUARY 14TH COMMISSIONER'S SALE DISCUSSION:

Bill Schreck continued by asking Mary McGuire with the Department of Community Services and Revitalization to review the properties acquired at the January 14th Commissioner's sale. Mary is in charge of foreclosure activity in the Department. She began by stating the foreclosure effort began in 2012 and this month the first two properties completed the entire process. The first property was 1837 Bank Street, located along the corridor that Gill Holland and Habitat for Humanity have expressed interest in. Mary informed the Board that the bidder must bid 2/3rds of the value otherwise the owner has one year to come back and redeem that property. Due to Metro having \$18,000.00 worth of liens against the property they bid 2/3rds of their liens which was \$5,335.00 to acquire the property. 1837 Bank Street will be conveyed to Metro at the end of the month. The second property is relative to the Maple Street project area (22nd and 23rd Street and Maple just south of Broadway). This area is a combined sewer, so when there is a small amount of rain the citizens experience sewage coming into their basements. There is federal funding available for MSD to move forward in Phase One to begin buying out residents. Community Services and Revitalization have been in communication with MSD about vacant lots in that area. One of those lots is 814 South 23rd Street that is valued at \$3,000.00. Metro had over \$5,000.00 worth of liens against the property so they bid in their \$2,000.00 with the understanding that MSD is going to purchase. Mary asked the board if they had any questions.

Bill Schreck commented they were fortunate to get part of the National Mortgage Settlement money, which was a one-time deal. They used some of the money to get this program started, however if they want to continue this program there has to be a way to recoup the money being spent. Currently the Landbank does not have a reoccurring budget. Bill suggested that one option would be that these properties would be placed into the Landbank and at a minimum sell price would be the actual out of pocket expenditure that would then roll bank in to the Landbank to be used to acquire other properties. Mary replied that there are different fees related to foreclosures such as court filing fees, warning order attorney fees (attorneys whose sole purpose is to locate the owners through skip- tracing to give them notice of a foreclosure action); those fees are \$100.00 per defendant \$50.00 for each additional defendant in the case. When the property gets to sale, there is a deposit that is about \$875.00 that goes to the commissioner. Out of that deposit, the commissioner would get a percentage of the sale price; additionally there are fees such as advertising in the newspaper, printing the handbills, and the cost of the appraisers. Mary continued advising the board that if a third party were to purchase a foreclosed property, there are certain fees that would come back to the Metro foreclosure division. If Metro is bidding in their liens then Metro would have to pay those fees out of the National Mortgage Settlement


Chairman


Staff


Date